



SACHI A. HAMAI  
Interim Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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May 28, 2015

To: Mayor Michael D. Antonovich  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

From: Sachi A. Hamai  
Interim Chief Executive Officer

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### SACRAMENTO UPDATE

#### Executive Summary

This memorandum contains a report on the following:

- **Pursuit of County Position on a State Budget Item.** On May 27, 2015, the Assembly Budget Committee approved an additional \$3.0 million to continuously appropriate a total of \$5.6 million from the State General Fund to support the statewide activities of County Veterans Service Officers. Therefore, unless otherwise directed, consistent with existing policies to support proposals that provide essential assistance to those who have honorably served in our armed forces, **the Sacramento advocates will support increased funding for County Veterans Service Officers.**
- **Senate and Assembly Budget Committee Actions.** A report on State Budget items of significant interest to the County.

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**Pursuit of County Position on State Budget Item Related to County Veterans Service Officers**

The California Department of Veterans Affairs disburses funds to support County Veterans Service Officers (CVSOs), on a pro rata basis, to counties that comply with certain conditions. Over the past two fiscal years, the State has funded these local services at \$5.6 million statewide as single-year appropriations only. The Governor's May Revision proposal would reduce funding for CVSOs by \$3.0 million in FY 2015-16, reducing current funding from \$5.6 million to \$2.6 million.

On May 27, 2015, the Assembly Budget Committee approved an additional \$3.0 million to continuously appropriate a total of \$5.6 million from the State General Fund to support the statewide activities of CVSOs. This item was not heard by the Senate Budget Committee; therefore, this item is expected to be considered by the Budget Conference Committee, which is scheduled to convene the week of June 1, 2015.

The Department of Military and Veterans Affairs indicates that CVSOs are the initial, local point-of-contact for claimants accessing the Federal Department of Veterans Affairs (VA), and are instrumental in helping returning veterans in understanding the complex VA process. The Department notes that the Governor's May Revision for FY 2015-16 would reduce funding for CVSOs to \$2.6 million statewide, which would jeopardize new efforts that have been implemented to care for veterans. The Department of Military and Veterans Affairs reports that there continues to be a large number of underserved veterans and their dependents who are not aware of the Federal and State benefits available to them. The Department notes that, currently, there are an estimated 337,000 veterans living in the County, and \$5.6 million in continuous statewide appropriations would make it possible to expand services to these men and women, as well as thousands of their dependents. The Department of Military and Veterans Affairs indicates that the budget item approved by the Assembly Budget Committee would permanently increase the funding for local veteran assistance and encourage innovation, thereby securing the continued success of these crucial services.

This office and the Department of Military and Veterans Affairs support action taken by the Assembly Budget Committee to appropriate \$5.6 million in continuous funding for CVSOs. Therefore, unless otherwise directed, consistent with existing policies to support proposals that provide essential assistance to those who have honorably served in our armed forces, **the Sacramento advocates will support increased funding for County Veterans Service Officers.**

Support for this State Budget item is consistent with **County-supported AB 171 (Irwin)**, which as amended on March 17, 2015, would continuously appropriate \$5.6 million statewide to fund the activities of CVSOs. AB 171 is currently on the Assembly Appropriations Committee's Suspense File.

### **Budget Committee Actions**

On May 22, 2015 and May 27, 2015, the Senate Budget and Fiscal Review Committee and the Assembly Budget Committee completed their respective budget hearings. Both budget committees adopted the revenue estimates made by the Legislative Analyst's Office (LAO) which are \$3.2 billion higher than the estimates contained in the Governor's May Budget Revision. The Senate and the Assembly budgets direct the additional resources to: early education and child care, K-14 education, and higher education; repeal of the CalWORKs maximum family grant rule; increased funding for County Medi-Cal Administration; restoration of the 7 percent reduction in In-Home Supportive Services hours; and to the Rainy Day Fund. The Budget Conference Committee is expected to convene the week of June 1, 2015 to reconcile the differences between the two budgets.

The Budget Committees took action on the following items of significant interest to the County.

### **Health**

- **Medi-Cal Coverage for Immigrants - SB 4 (Lara).** The Senate Budget and Fiscal Review Committee adopted \$40.0 million to expand Medi-Cal benefits for persons who are not eligible for coverage due to their immigration status consistent with provisions in SB 4 (Lara). The Assembly Budget Committee did not hear this item; therefore, this item is expected to be considered by the Budget Conference Committee.
- **Medi-Cal Coverage for Immigrants - President's Executive Order.** The Assembly and Senate Budget Committees adopted the May Revision proposal to extend Medi-Cal benefits to newly qualified individuals eligible as a result of the President's Executive Order on immigration, and approved partial year funding of \$33.1 million in FY 2015-16 and \$138.0 million annually thereafter.
- **Legal Services for Immigrants.** The Assembly and Senate Budget Committees adopted a modification to the May Revision proposal to provide \$5.0 million to assist undocumented immigrants eligible for deferred action under the

President's Executive Order. The Committees increased funding to \$15.0 million and adopted placeholder trailer bill language to establish a grant-based program to provide outreach, education, and naturalization assistance.

### **Social Services**

- **County Medi-Cal Administration.** The Assembly Budget Committee approved an increase of \$80.0 million and placeholder budget bill language for County Medi-Cal Administration due to increased workload with ongoing implementation issues related to the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS). The Senate Budget and Fiscal Review Committee approved \$95.3 million for County Medi-Cal Administration; therefore, this item is expected to be considered by the Budget Conference Committee. The County will continue to support increased funding for this program pursuant to the April 28, 2015, Board-approved motion.
- **CalWORKs Housing Support Program.** The Assembly Budget Committee approved an increase of \$30.0 million in FY 2015-16 for the CalWORKs Housing Support Program which is a County-supported budget proposal by the County Welfare Directors Association (CWDA). The Governor's FY 2015-16 Proposed Budget includes current funding of \$20.0 million for the program. The Senate Budget and Fiscal Review Committee did not take action on the above \$30.0 million increase; therefore, this item is expected to be considered by the Budget Conference Committee.
- **CalWORKs Program Maximum Family Grant Rule.** The Assembly and Senate Budget Committees adopted a County-supported budget proposal to repeal the Maximum Family Grant (MFG) rule under the CalWORKs Program which prohibits the denial of aid or an increase in the maximum aid payment if a child was born into an applicant's or recipient's family while receiving aid in the program. This is consistent with provisions in **County-supported SB 23 (Mitchell)**. The action to repeal the MFG rule effective October 1, 2015, includes \$158.0 million to fund the policy.
- **In-Home Supportive Services (IHSS).** The Assembly and Senate Budget Committees approved the restoration of the 7 percent reduction in IHSS service hours which would be implemented on July 1, 2015, and provided \$228.0 million State General Fund (SGF) for the restoration, irrespective of the funding source. However, the Committees adopted different actions on the implementation of overtime rules for the IHSS Program, and this item is expected to be considered by the Budget Conference Committee.

- **New Earned Income Tax Credit for Low-Income Families.** The Assembly and Senate Budget Committees approved the new State Earned Income Tax Credit (EITC) proposal in the May Revision to help low-income working families by providing a refundable tax credit for wage income. This targeted credit would focus on households with incomes less than \$6,580 if there are no dependents, or \$13,870 if there are three or more dependents. The proposed credit would match 85 percent of the Federal credit at the lowest income levels, providing an average estimated household benefit of \$460 annually for 825,000 families, representing two million individuals, with a maximum benefit of \$2,653.
- **Relative and Foster Parent Recruitment, Retention, and Support.** The Assembly Budget Committee approved a modified version of a County-supported budget proposal by CWDA to provide additional funding of \$25.0 million SGF for relative and foster parent recruitment, retention, and support. This funding was approved as part of a Foster Care Package of various programs with a net cost of \$56.0 million SGF in FY 2015-16. The Senate Budget and Fiscal Review Committee did not adopt this proposal; therefore, this item is expected to be considered by the Budget Conference Committee.
- **Commercially Sexually Exploited Children (CSEC).** The Assembly Budget Committee approved an increase of \$3.25 million for counties to avoid erosion of the \$14.0 million in funding in FY 2015-16, and ongoing for the CSEC Program as enacted in the FY 2014-15 State Budget Act. The additional funding is for compliance with new Federal CSEC requirements pursuant to H.R. 4980, the Preventing Sex Trafficking and Strengthening Families Act. The Committee also adopted language to require the California Department of Social Services (CDSS), in consultation with CWDA, to develop an estimate of additional funding needed in FY 2016-17 to support the implementation of the new Federal CSEC requirements. The Senate Budget and Fiscal Review Committee did not adopt this proposal; therefore, this item is expected to be considered by the Budget Conference Committee. The County will continue to support increased funding for counties to help serve CSEC pursuant to the May 19, 2015, Board-approved motion.

Additionally, the Assembly Budget Committee approved \$10.0 million in new funding to support grants specifically for community groups providing services to victims of human trafficking. The Senate Budget Committee did not adopt this proposal; therefore, this item is also expected to be considered by the Budget Conference Committee.

- **Dependency Court-Appointed Counsel.** The Assembly and Senate Budget Committees adopted a County-supported budget proposal by the California Supreme Court Chief Justice and the Children's Law Center to provide an increase of \$33.1 million SGF for court-appointed dependency counsel for parents and neglected children to reduce caseloads.
- **Child Near Fatalities Trailer Bill Language.** The Assembly and Senate Budget Committees rejected trailer bill language proposed by CDSS relating to State compliance with Federal requirements on the public disclosure of information on child near fatalities resulting from abuse or neglect. Under the Federal Child Abuse Prevention and Treatment Act (CAPTA), states receiving CAPTA funds are required to disclose information about child abuse and neglect cases that result in both fatalities or near fatalities. The Committees rejected the trailer bill language to allow more time after the budget process to review and resolve this issue.

**Child Care and Development.** The Assembly Budget Committee adopted a major child care and development package which provides \$605.0 million (\$452.4 million SGF and \$153.3 million in Proposition 98) in FY 2015-16, which would increase to \$975.7 million (\$779.4 million SGF and \$196.25 Proposition 98) in FY 2016-17 and annually thereafter. The package includes provisions to:

- Provide an additional 20,500 slots, which includes 10,500 full-day preschool slots, with wrap-around care (starting March 1, 2016), and 10,000 Alternative Payment voucher child care slots (starting January 1, 2016);
- Provide a 20 percent increase to the statewide Reimbursement Rate for center-based care and increase voucher child care rates at a similar amount by setting rates at the Regional Market Rate to 85th Percentile of the 2014 Survey with a 10 percent deficit factor, both which would be effective January 1, 2016; and
- Trailer Bill Language to extend the collective bargaining to family child care providers.

The Senate Budget and Fiscal Review Committee approved a child care and development package which provides \$332.0 million in FY 2015-16 which would be funded by moving child care programs, including CalWORKs Stage 2 and Stage 3, but not Stage 1, back to Proposition 98. The package includes provisions to: 1) provide an

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additional 13,200 voucher slots and 4,300 general child care slots for infants and toddlers; 2) remove the deficit factor for the Regional Market Rate at the 2009 survey; and 3) increase the Standard Reimbursement Rate by 4.4 percent. This item is expected to be considered by the Budget Conference Committee.

We will continue to keep you advised.

SAH:JJ:MR  
VE:IGEA:ma

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
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